

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 /021 W
-----006748 080314Z /63
R 070200Z SEP 77
FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC 2586
INFO USDOC WASHDC

UNCLAS SECTION 1 OF 2 PORT MORESBY 1252

USDOC FOR SILLOWAY, MAIL CODE 233

E.O. 11652: NA
TAGS: BEXP PP
SUBJ: FY78 COMMERCIAL ACTION PROGRAM FOR PAPUA NEW GUINEA

REF: A) STATE A-1111, B) PORT MORESBY 0215

1. FOLLOWING IS SUMMARY OF SUBJECT CAP, WHICH IS TOO LONG
FOR TELEGRAPHIC TRANSMISSION AND IS BEING SUBMITTED BY AIRGRAM:

SUMMARY: IN 1976 PAPUA NEW GUINEA IMPORTED \$595 MILLION WORTH
OF MERCHANDISE, OF WHICH LESS THAN 10 PER CENT CAME FROM THE U.S.
SINCE U.S. PRICES ARE MUCH LOWER THAN AUSTRALIA'S, THERE SHOULD
BE CONSIDERABLE ROOM FOR EXPANSION OF UNITED STATES-PAPUA NEW
GUINEA TRADE.

PORT MORESBY HAS ONE E/C OFFICER AND ONE FOREIGN SERVICE LOCAL
COMMERCIAL ASSISTANT. A ROTATIONAL OFFICER WILL BE ASSIGNED
TO E/C SECTION FOR FIRST FIVE MONTHS OF FISCAL YEAR. FY 77
WAS FIRST YEAR POST HAD SUFFICIENT STAFF OR RESOURCES
TO BEGIN TO BUILD A COMMERCIAL PROGRAM. IN THIS FIRST YEAR
POST SUBMITTED ROUGHLY \$8 MILLION IN TRADE OPPORTUNITIES
THROUGH TOP AND FOREIGN TENDER PROGRAMS. IN ADDITION, POST
ENGAGED IN PROMOTIONAL ACTIVITIES TO PUBLICIZE ITS SERVICES.

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MAJOR PROGRAMS

1. CONTINUED DEVELOPMENT OF COMMERCIAL SECTION THROUGH
CONSIDERABLE PROGRESS HAS BEEN MADE IN DEVELOPMENT OF COMMERCIAL
SECTION IN PAST YEAR, THERE IS STILL MUCH TO BE DONE. IN FY78
POST PLANS TO DEVELOP A COMPANY FILE WHICH WILL ALLOW READY
IDENTIFICATION OF FIRMS BY ACTIVITY AND NAME. THE 50-100 FIRMS

ALREADY IN COMMERCIAL SECTION'S FILE AS WTDR'S AND TOP'S WILL INITIALLY BE ENTERED INTO THIS FILE. METHODS WILL BE DEVELOPED TO COLLECT ADDITIONAL DATA ON NEW FIRMS AS TIME GOES ON.

TRAINING OF COMMERCIAL ASSISTANT WILL CONTINUE WITH THE COMMERCIAL COURSE OFFERED BY DEPT AND USDOC. AN EXPERIENCED FSL FROM AN AUSTRALIAN POST BE BE BROUGHT TO PORT MORESBY FOR TWO-WEEK PERIOD TO ASSIST IN TRAINING. FSL WILL ALSO BE ASKED TO REVIEW COMMERCIAL SECTION'S PROCEDURES AND MAKE RECOMMENDATIONS FOR IMPROVEMENT.

2. REPORTING OF MAJOR CONSTRUCTION PROJECTS

POST PLANS TO DO MAJOR SURVEY OF CONSTRUCTION PROJECTS SOON TO BE UNDERTAKEN OR TO BE UNDERTAKEN IN NEXT 3 TO 4 YEARS. IT IS ALSO HOPED THAT A PROCEDURE CAN BE DEVELOPED WHICH WILL ALLOW FOR SYSTEMATIC REPORTING OF PROGRESS ON THESE PROJECTS.

3. CAMPAIGN TO MAKE GPNG TENDERS MORE OPEN FOR U.S. FIRMS

U.S. FIRMS FACE CONSIDERABLE DIFFICULTIES IN BIDDING ON GPNG TENDERS. MANY TENDERS, ESPECIALLY THOSE FOR SUPPLY OF GOODS AND SERVICES TO MAJOR GOVERNMENT OFFICES, ARE ONLY ISSUED FOR 45 DAYS. EMBASSY WILL CONTINUE ITS CAMPAIGN TO CONVINCE GPNG TO EXTEND TENDERS' PERIOD TO 60 DAYS. AND IN ITS EFFORTS TO PUT U.S. FIRMS IN TOUCH WITH RESPECTIVE TENDER BOARDS PRIOR TO ACTUAL

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ISSUANCE OF TENDERS.

4. IDENTIFICATION OF INVESTMENT OPPORTUNITIES

E/C OFFICER HAS JUST COMPLETED POST'S FIRST FOREIGN INVESTMENT REPORT, A SUMMARY OF INVESTMENT OPPORTUNITIES, PROBLEMS OF INVESTMENT AND LEGAL AND ECONOMIC FRAMEWORK IN PNG. IN FORTH-COMING YEAR POST EXPECTS TO DO A CONSIDERABLE AMOUNT OF REPORTING ON INVESTMENT OPPORTUNITIES, PARTICULARLY IN TIMBER INDUSTRY BUT ALSO IN MANUFACTURING AND AGRICUTURE.

5. COMMERCIAL EXHIBITIONS

POST WOULD LIKE TO PROPOSE ONE COMMERCIAL EXHIBITION ON ITS OWN AND TO PARTICIPATE IN COMMERCIAL FISHING CATALOG SHOW AND TIMBER INDUSTRIES MACHINERY TRADE MISSION SCHEDULED FOR AUSTRALIA AND NEW ZEALAND.

A. CATALOG SHOW ON MAIL ORDER CATALOGS

POST WOULD LIKE TO PROPOSE SUCH A SHOW, WHICH WOULD INCLUDE CATALOGS FROM 10 TO 20 U.S. COMPANIES, SUCH AS MONTGOMERY WARD,

PENNEYS, AND SEARS. OTHER SUGGESTIONS MIGHT BE HERTERS (SPORTING GOODS), SOME HARDWARE AND CLOTHING CATALOGS, COMPANIES SELLING APPLIANCES FOR 240 VOLTS, ETC.

THE GEOGRAPHIC DISPERSION OF CONSUMERS IN PNG IS SUCH THAT MANY DO NOT HAVE ACCESS TO LOCAL DEPARTMENT STORES. THOSE THAT DO HAVE ACCESS FIND SELECTION OF GOODS IS QUITE LIMITED AND PRICES ARE OFTEN TWO TO THREE TIMES THAT OF THOSE IN U.S. MAIL ORDER CATALOGS. THE AMERICAN COMMUNITY (ABOUT 2500) ALREADY ORDERS HEAVILY FROM SUCH CATALOGS, WHILE AUSTRALIAN COMMUNITY USES MAIL ORDER CATALOGS FROM AUSTRALIA. GENERALLY, WHEN SHOWN U.S. MAIL ORDER CATALOGS, BOTH NONE-U.S. EXPATRIATES AND PNG NATIONALS GET QUITE EXCITED ABOUT WIDE RANGE OF GOODS AND LOW PRICES.

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SUCH A SHOW WOULD BE DIRECTED AT TWO AUDIENCES: THE INDIVIDUAL CONSUMER WHO WOULD OBTAIN HIS OWN CATALOG AND THE BUSINESSMAN WHO MIGHT WISH TO ESTABLISH A CATALOG DESK IN HIS STORE AND HANDLE THE ORDERING AND DELIVERY OF GOODS FOR THE ULTIMATE CUSTOMER. FIRST WOULD PROBABLY BE PREFERRED BY LARGE EXPATRIATE COMMUNITY, WHILE SECOND WOULD SERVE PNG NATIONALS.

POST WOULD PRESENT SHOW IN USIS FACILITIES IN PORT MORESBY FOR ONE-WEEK AND THEN WOULD LIKE TO CARRY IT TO LAE AND RABAU FOR 2-DAY EXHIBITIONS.

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INFO OCT-01 EA-12 ISO-00 /021 W
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R 070200Z SEP 77
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INFO USDOC WASHDC

UNCLAS SECTION 2 OF 2 PORT MORESBY 1252

USDOC FOR SILLOWAY, MAIL CODE 233

B. TIMBER INDUSTRIES MACHINERY TRADE MISSION

POST WOULD LIKE TO PARTICIPATE IN TIMBER INDUSTRIES MACHINERY TRADE MISSION. PNG IMPORTS OF TIMBER-RELATED TOOLS AND MACHINERY, INCLUDING HAND TOOLS, WERE \$3,800,000 IN 1973-74, \$7,600,000 IN 1974-75, AND \$5,600,000 IN 1975-76. IMPORTS FROM U.S. IN 1975-76 WERE \$530,000. PNG HAS ROUGHLY 50 SAW MILLS IN OPERATION AND HARVESTING IS GOING ON IN ROUGHLY 1 MILLION HECTARES. NIDA HAS ROUGHLY 1.2 MILLION HECTARES AVAILABLE FOR PROSPECTIVE INVESTORS. AN ADDITIONAL 8 MILLION ACCESSIBLE HECTARES ARE CAPABLE OF BEING LOGGED, BUT TIMBER RIGHTS WOULD HAVE TO BE NEGOTIATED WITH LOCAL OWNERS.

POST BELIEVES IT WOULD BE WORTHWHILE IF TRADE MISSION ALSO VISITED LAE.

C. COMMERCIAL FISHING AND FOOD PACKAGING EXHIBITION POST BELIEVES THERE IS ADEQUATE MARKET TO JUSTIFY CATALOG SHOW ON COMMERCIAL FISHING AND FOOD PACKAGING. CURRENTLY THERE ARE THREE TUNA COMPANIES IN PAPUA NEW GUINEA AND GPNG IS PUSHING ALL INTO CANNING OPERATIONS. STARKIST, THE AMERICAN COMPANY, WILL MOST PROBABLY START CONSTRUCTION OF A CANNERY WITHIN NEXT YEAR. THE JAPANESE COMPANIES, WITH LIMITED TECHNOLOGY IN CANNING ARE RELUCTANT TO BECOME INVOLVED BUT WILL ALSO MOST LIKELY HAVE UNCLASSIFIED

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TO UNDERTAKE SOME FISH PROCESSING. IT IS POSSIBLE THAT THEY WILL ATTEMPT TO FIND U.S. PARTNERS, BUT IN ANY EVENT WILL PROBABLY BE VERY INTERESTED IN CANNING AND FISH PROCESSING EQUIPMENT. IN ADDITION, COMMERCIAL FISHING FOR PRAWNS, CRAYFISH AND REEF FISH IN PAPUAN GULF IS RAPIDLY EXPANDING AND MOST OF THESE OPERATIONS WILL NEED FOOD PACKAGING EQUIPMENT.

6. COMMERCIAL PROMOTION

E/C OFFICER PLANS TO VISIT AT LEAST 40 FIRMS IN PORT MORESBY AREA IN FORTHCOMING YEAR. MAJOR PROMOTIONAL TRIPS ARE PLANNED FOR RABAU, LAE AND THE SOLOMON ISLANDS. A 3 DAY COMMERCIAL PROMOTION TRIP TO LAE IN PAST YEAR RESULTED IN TRADE OPPORTUNITIES WORTH \$400,000.

7. TRADE TOK AND TIMBER TOK

COMMERCIAL SECTION IS JUST NOW STARTING TO DISTRIBUTE THE TRADE USA PUBLICATION FROM USIS MANILA. ACCOMPANYING IT WILL BE EMBASSY-PRODUCED COMMERCIAL NEWSLETTER ENTITLED "TRADE TOK". EMBASSY WILL ALSO BE PUBLISHING IRREGULARLY AN OFFSET NEWSLETTER CALLED "TIMBER TOK", AIMED AT LOCAL TIMBER INDUSTRY.

OTHER PROJECTS

IN ADDITION TO ABOVE, COMMERCIAL SECTION WILL CONTINUE TO REPORT ON ALL TRADE OPPORTUNITIES, PROMOTE NEW PRODUCT INFORMATION THROUGH LOCAL PAPER, SUPPORT FOREIGN BUYER PROGRAM AND PROVIDE COMMERCIAL INFORMATION AS REQUESTED. IT IS HOPED THAT EMBASSY CAN PROVIDE AT LEAST 40 PRIVATE TRADE OPPORTUNITY CABLES, AS WELL AS 2 TO 3 DOZEN FOREIGN TENDER CABLES IN NEXT YEAR.

COMMERCIAL PERSONNEL RESOURCES ALLOCATION
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TIME COMMITTED TIME AVAILABLE
TO MAJOR PROJECTS (COMM.WORK ONLY)

E/C OFFICER	91 DAYS	115 DAYS
ROTATIONAL OFFICER	27	50
COMMERCIAL ASSISTANT	88	184

NOTE TIS TIME ALLOCATION DOES NOT INCLUDE TIME REQUIRED FOR NORMAL COMMERCIAL SECTION FUNCTIONS OF E/C OFFICER - WALK-IN INQUIRIES, TRADE COMPLAINTS, VISITS OF AMERICAN BUSINESSMEN, ADS ACTIVITIES, ETC.

THE COMMERCIAL ASSISTANT ALSO HANDLES COMMERCIAL LIBRARY INQUIRIES, DISTRIBUTES BUSINESS LITERATURE, HANDLES E/C OFFICER'S SECRETARIAL WORK AND FILES, AND PREPARES ALL WTDR'S. WTDR PREPARATION ALONE PROBABLY OCCUPIES 30-40 DAYS/YEARS OF COMMERCIAL ASSISTANT'S TIME.

POST THEREFORE BELIEVES ABOVE PROGRAM IS AMBITIOUS, BUT FEASIBLE.

FINANCIAL RESOURCES SCHEDULE

FY76(ACT) FY77(EST) FY78(REQ)

COMMERCIAL REPRESENTATION	1106	1331	1500
COMMERCIAL TRAVEL	0	2466	2120
A) NEWSLETTER	0	150	800
(CONTRACT EDITING)	0	0	(300)

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B) PRINTING DESCRIPTIVE 0 0 350
PAMPHLETS OF COMM. SECTION

COMMERCIAL LIBRARY 0 1000 600

TRAINING COMMERCIAL ASST. 0 0 1700

EAST ASIA COMMERCIAL OFFICERS 0 850 0

CONFERENCE (HALF PAID BY POST)

MAJOR PROGRAMS OF WHICH:

COMMERCIAL EXHIBITIONS 0 0 1000

COMMERCIAL PROMOTION 1120

MISCELLANEOUS 0 400 400

1106 6197 9890

TOTAL W/CONTRACT EDITING 10,190

NOTE THESE FIGURES HAVE CHANGED SINCE REFTEL B.
OLMSTED

NOTE BY OC/T: SECTION ONE SERVICED (GARBLED).

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
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Decaption Note:
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Disposition Approved on Date:
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Document Source: CORE
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770324-0975
Format: TEL
From: PORT MORESBY
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770990/aaaacygc.tel
Line Count: 310
Litigation Code IDs:
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Message ID: c73e4a4b-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE A-1111, 77 PORT MORESBY 215
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1364469
Secure: OPEN
Status: NATIVE
Subject: FY78 COMMERCIAL ACTION PROGRAM FOR PAPUA NEW GUINEA
TAGS: BEXP, PP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c73e4a4b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009